



**DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103**



REPLY TO
ATTENTION OF

SARD-PR

29 April 1997

MEMORANDUM FOR SEE DISTRIBUTION

**SUBJECT: Management of the Total Life Cycle for Acquisition Category
(ACAT) Systems**

Reference DoD Directive 5000.1, Defense Acquisition,
March 15 1996.

DoD Directive 5000.1 requires that a total system approach be used in acquisition programs to optimize total system performance and minimize the cost of ownership. We have made impressive gains in reducing acquisition costs through use of efficient business practices, modern technologies and process innovations. Now we must also focus our energies on reducing sustainment costs for our deployed systems. As we have seen in our acquisition programs, disciplined management is required to achieve the benefits of integration.

Effectively immediately, Program Executive Officers (PEOs) and Major Commands (MACOMs) who manage ACAT systems are responsible for the management of total life cycle costs for these systems. The PEOs and MACOMs will take actions to minimize estimated sustainment costs of developmental systems and reduce the actual sustainment costs of deployed ACAT systems they manage. As a start, the following actions will be taken:

- a. Include operating and support (O&S) costs in Acquisition Program Baselines (APBs).
- b. Address O&S costs in milestone exit criteria.
- c. Baseline O&S cost for each deployed system.
- d. Prepare a Sustainment Cost Management Annex (SCMA) to the Acquisition Strategy for each developmental and deployed system to implement process, infrastructure and equipment improvements specifically designed to provide more timely and cost effective sustainment for the soldier.



e. Measure accomplishments of improvements against the estimated and actual O&S cost baselines.

f. Prepare sustainment budgets for each system that accurately state the true needs of the system and are aligned with the schedule of implementing improvements from the SCMA to the Acquisition Strategy.

We need your best team effort to control and reduce the burden of sustainment costs. You should target to have the SCMA's prepared and implementation underway by October 1, 1997.

The point of contact is Mr. Maxwell E. Westmoreland, SARD-PR, DSN 761-9141, e-mail westmorm@sarda.army.mil.



Gilbert F. Decker
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